

MEMORANDUM

JUNE 20, 1984

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: FIFTH AMENDMENT TO REPORT AND DECISION
ON THE CHAPTER 121A APPLICATION OF
DORCHESTER HOUSING ASSOCIATES

On August 20, 1981 the Authority voted to adopt a favorable Report and Decision on the 121A Application of Dorchester Housing Associates. The Project consists of the construction, operation and maintenance of 91 units of housing for elderly and handicapped on approximately 50,000 square feet of land in the Dorchester section of the City of Boston.

On June 14, 1984 the Applicant submitted a request for a further amendment to that Application, which was clarified by a letter dated, June 18, 1984.

By this amendment the applicant seeks the Board's approval to substitute as a General Partner, Peabody Construction Company, Inc., for one of the present General Partners, Dorchester House Housing Corporation, a wholly owned subsidiary of Peabody Construction Company, Inc. There will be no other change in the financing or entity structure. The change is being sought to allow Peabody Construction Company, Inc., to be treated as a Subchapter "S" corporation under the Federal tax laws.

In the opinion of the Chief General Counsel, this Amendment does not represent a fundamental change and does not require a public hearing. It is therefore recommended that the Authority adopt the attached Fifth Amendment to the Application and Report and Decision.

An Appropriate Vote follows:

VOTED: That the document presented at this meeting entitled "Fifth Amendment to the Report and Decision on the Application of Dorchester Housing Associates for the Authorization and Approval of a Project under Massachusetts General Laws (Ter. Ed.) Chapter 121A as Amended, and Chapter 652 of the Acts of 1960 as Amended, to be Undertaken and Carried Out by a Limited Partnership Organized Pursuant to Massachusetts General Laws, Chapter 109, and Approval to Act as an Urban Redevelopment Limited Partnership under said Chapter 121A" be and is hereby approved and adopted.

"FIFTH AMENDMENT TO THE REPORT AND DECISION ON THE APPLICATION OF DORCHESTER HOUSING ASSOCIATES FOR THE AUTHORIZATION AND APPROVAL OF A PROJECT UNDER MASSACHUSETTS GENERAL LAWS (TER. ED.) CHAPTER 121A AS AMENDED, AND CHAPTER 652 OF THE ACTS OF 1960 AS AMENDED, TO BE UNDERTAKEN AND CARRIED OUT BY A LIMITED PARTNERSHIP ORGANIZED PURSUANT TO MASSACHUSETTS GENERAL LAWS, CHAPTER 109, AND APPROVAL TO ACT AS AN URBAN REDEVELOPMENT LIMITED PARTNERSHIP UNDER SAID CHAPTER 121A"

The Amendment seeks to substitute Peabody Construction Company, Inc., ("Peabody") for Dorchester House Housing Corporation as a General Partner in Dorchester Housing Associates. Dorchester House Housing Corporation is a wholly owned subsidiary of Peabody.

This action will allow Peabody to qualify to be treated as a Subchapter "S" Corporation under the Federal tax laws. The Amendment does not change any other aspect of Dorchester Housing Associates, the 121A entity.

In the opinion of the Chief General Counsel this amendment does not represent a fundamental change and does not require a public hearing.

The Authority hereby approves the Fifth Amendment to the Application and Report and Decision. All future changes or deviations in the project to that which is hereby or has been approved will require the approval of the Authority.

PEABODY CONSTRUCTION CO., INC.

June 14, 1984

Boston Redevelopment Authority
Boston City Hall
One City Hall Square
Boston, MA 02108

RE: PROPOSED SUBSTITUTION OF PEABODY CONSTRUCTION CO., INC. AS
GENERAL PARTNER OF DORCHESTER HOUSING ASSOCIATES IN PLACE OF
DORCHESTER HOUSE HOUSING CORPORATION

Dear Sir/Madam:

In connection with the proposed election to be treated as an "S" Corporation under Federal income tax law to be made by Peabody Construction Co., Inc., Peabody Construction Co., Inc. is required to eliminate all subsidiary corporations which it owns. One of these subsidiaries is Dorchester House Housing Corporation, which is a General Partner of Dorchester Housing Associates, which operates a housing project under the name of Dorchester (Kelly) House (Project Number 80-063-N). Dorchester Housing Associates is a party to a Regulatory Agreement with the Boston Redevelopment Authority made pursuant to Massachusetts General Laws, Chapter 121A, Section 18C.

In connection with the proposed merger of Dorchester House Housing Corporation into Peabody Construction Co., Inc., Peabody Construction Co., Inc. is hereby requesting the approval of the Boston Redevelopment Authority to an amendment to the Regulatory Agreement for the purpose of substituting Peabody Construction Co., Inc. in place of Dorchester House Housing Corporation as a General Partner of Dorchester Housing Associates. Except for this substitution of General Partners, there will be no changes made in Dorchester Housing Associates or in the Partnership Agreement of Dorchester Housing Associates.

In connection with this request, we are enclosing the following materials:

1. Proposed form of Amendment to Certificate of Limited Partnership of Dorchester Housing Associates reflecting the change in General Partners.

PEABODY CONSTRUCTION CO. INC.

Boston Redevelopment Authority
June 14, 1984
Page Two

2. Audited Financial Statements for Peabody Construction Co., Inc. as of June 30, 1983 and compiled as of December 31, 1983.

3. A check in the amount of \$500.00 payable to the Boston Redevelopment Authority..

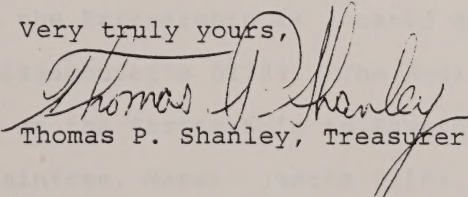
As required by the Regulatory Agreement, Peabody Construction Co., Inc. agrees to be bound by all the terms and provisions of the Regulatory Agreement.

Because the fiscal year of Peabody Construction Co., Inc. ends on June 30, it is critical that the merger and substitution be completed by that date in order for Peabody Construction Co., Inc. to be eligible to be treated as an "S" Corporation under the Internal Revenue Code for its fiscal year commencing July 1, 1984. Accordingly, we would appreciate it very much if every effort could be made to place our request on the agenda of the Boston Redevelopment Authority at its meeting scheduled for June 20, 1984.

After approval is obtained and we file the Amendment to Certificate of Limited Partnership referred to above, we will forward certified copies of that Amendment to you for your permanent records.

Thank you for your cooperation in this matter.

Very truly yours,


Thomas P. Shanley, Treasurer

TPS/kmg
Enclosure
BY HAND

SECOND AMENDMENT TO
CERTIFICATE OF LIMITED PARTNERSHIP OF
DORCHESTER HOUSING ASSOCIATES

We, the undersigned desiring to amend the Agreement and Certificate of Limited Partnership of Dorchester Housing Associates, which was originally filed in the Office of the Secretary of State of the Commonwealth of Massachusetts on October 9, 1981, and subsequently amended by the filing of the Amended and Restated Limited Partnership Agreement and Certificate in said office on September 24, 1982, do hereby further amend said Agreement and Certificate of Limited Partnership, as previously amended, to reflect the transfer of the interest of Dorchester House Housing Corporation as General Partner to Peabody Construction Co., Inc.

Schedule A to said Agreement and Certificate, as previously amended, is hereby further amended by deleting the existing Schedule A in its entirety and substituting in its place Schedule A attached hereto.

The principal office of the Partnership is located at 536 Granite Street, Braintree, Massachusetts 02184. The Resident Agent for Service of Process on the Partnership is Edward A. Fish, 536 Granite Street, Braintree, Massachusetts 02184.

In all other respects the Agreement and Certificate as in effect prior to the filing hereof is ratified and confirmed.

IN WITNESS WHEREOF, we have caused this Certificate to be
duly executed and sworn to under oath as of the 30th day of June,
1984.

DORCHESTER HOUSE HOUSING CORPORATION
Withdrawing General Partner

PEABODY CONSTRUCTION CO., INC.
General Partner

By: Thomas P. Shanley, Treasurer

By: Thomas P. Shanley, Treasure

COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF) SS.
)

, 1984

Then personally appeared the above-named Thomas P. Shanley,
in his capacity as Treasurer of Peabody Construction Co., Inc.,
as as Treasurer of Dorchester House Housing Corporation, known to
me, and acknowledged that he signed the above instrument as his
free act and deed, before me.

Notary Public

My Commission Expires: _____

DORCHESTER HOUSING ASSOCIATES

Schedule A

<u>General Partners</u>	<u>Capital Contribution</u>
Peabody Construction Co., Inc. 536 Granite Street Braintree, Massachusetts 02184	\$ 45
Robert F. Walsh 60 State Street Boston, Massachusetts 02109	\$ 10
Dorchester House Senior Housing, Inc. 1353 Dorchester Avenue Boston, Massachusetts	\$ 45

<u>Investor Limited Partners</u>	<u>Total Agreed-to Capital Contribution</u>	<u>Capital Contribution*</u>	<u>Number of Units</u>
Jerry D. Bullock P.O. Box 1521 Houston, TX 77001	\$57,500	\$34,925	1
Wallace M. & Edna W. Clark, TC P.O. Box 181 Benicia, CA 94510	\$57,500	\$34,925	1
Tony M. Deeths, M.D. 777 S. New Ballas Rd. St. Louis, MO 63141	\$28,750	\$17,462.50	1/2
Perin W. Diana, Jr. 55 Meriden Avenue Southington, CT 06487	\$57,500	\$34,925	1

* Paid-in Capital Contribution as of the date of this Schedule A. Future Installments of Capital Contribution are due at the times set forth in the Partnership Agreement of the Partners.

John DiNapoli 5 Corporate Park Dr. White Plains, NY 10604	\$57,500	\$ 34,925	1
J.S. Francis 8175 Market Street Peoria, AZ 85345	\$57,500	\$ 34,925	1
Robert J. & Marie A. Hurley, JT 921 Providence Highway Norwood, MA 02062	\$57,500	\$ 34,925	1
Robert W. Hutton One Greenwich Plaza Greenwich, CT 06830	\$57,500	\$ 34,925	1
Gilbert F. Johnson 990 Almanor Avenue Sunny Vale, CA 94086	\$57,500	\$ 34,925	1
Maurice Kaplan 12095 W. Washington Blvd. Los Angeles, CA 90066	\$57,500	\$ 34,925	1
Theodore Krasnow 3843 West 43rd St. Chicago, IL 60632	\$57,500	\$ 34,925	1
Charles J. & Jean E. Lee, TC 601 California St. San Francisco, CA 94108	\$57,500	\$ 34,925	1
Eugene T. Luning 6646 Vernon St. Louis, MO 63130	\$28,750	\$ 17,462.50	1/2
Salim Y. Mansoor 7503 Surrats Road Clinton, MD 20735	\$57,500	\$ 34,925	1
Lidio O. Mora 11880 Bird Road, Suite 401 Miami, FL 33175	\$28,750	\$ 17,462.50	1/2
Kenneth C. Mosler 4715 E. Mariposa Grand Street 11111 11111	\$57,500	\$ 34,925	1

Theodore Nichols 5099 South Joliet Way Englewood, CO 80111	\$57,500	\$ 34,925	1
Armando Nunez-Nunez 3910 W. Flagler St. Miami, FL 33134	\$28,750	\$ 17,462.50	1/2
Kathryn T. Piper 1805 S. Bell Aire Suite 215 Denver, CO 80222	\$28,750	\$ 17,462.50	1/2
Merrill L. Ridgway 8701 El Camino Real Scottsdale, AZ 85255	\$57,500	\$ 34,925	1
Mark B. Solomon 6417 Loisdale Road, Suite 214 Springfield, VA 22150	\$28,750	\$ 17,462.50	1/2
Wayne R. Spielman 766 Old York Road Jenkintown, PA 19046	\$57,500	\$ 34,925	1
Kenneth Spungen 241 W. Palatine Road Wheeling, IL 60090	\$57,500	\$ 34,925	1
Laurence Spungen 241 W. Palatine Road Wheeling, IL 60090	\$57,500	\$ 34,925	1
John W. Yandell and Dorothy M. Yandell, JT 563 Julie Ann Way Oakland, CA 94621	\$57,500	\$ 34,925	1

PEABODY CONSTRUCTION CO., INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 1983

PREPARED BY MANAGEMENT

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES

INDEX

DECEMBER 31, 1983

<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>STATEMENT</u>	<u>PERIOD</u>
A		Balance Sheet	December 31, 1983
B		Income	Six Months Ended December 31, 1983
C		Retained Earnings	do
D		Changes in Financial Position	do

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES

BALANCE SHEET
DECEMBER 31, 1983

ASSETS

CURRENT ASSETS

Cash and Certificates of Deposit (Note 2)	\$ 6,379,824
Accounts Receivable (Note 3)	
Contracts	5,635,548
Retainages	2,707,142
Trade and Other	621,547
Federal & State Tax Refund	65,749
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts (Note 4)	328,347
Loans and Notes Receivable	854,499
Prepaid Expenses and Other Items	67,736

TOTAL CURRENT ASSETS

16,660,392

OTHER ASSETS

Investments in and Advances to Affiliates (Note 5)	347,754
Loans and Notes Receivable	433,270
Cash Value - Officers Life Insurance	250,988
Pre-Construction Advances and Other Items	215,376

TOTAL OTHER ASSETS

1,247,388

PROPERTY AND EQUIPMENT

Land	38,220
Buildings and Improvements	321,319
Transportation Equipment	1,037,958
Furniture, Fixtures and Equipment	210,680

TOTALS

1,608,177

Accumulated Depreciation

563,103

TOTAL PROPERTY AND EQUIPMENT

1,045,074

TOTAL ASSETS

\$ 18,952,854

The accompanying notes are an integral part of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES

Balance Sheet
DECEMBER 31, 1983

LIABILITIES, DEFERRED CREDITS AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	
Subcontractors	\$ 3,312,084
Retainages	1,985,207
Trade	267,358
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts (Note 4)	2,241,634
Accrued Expenses	314,368
Income Taxes Payable (Note 6, 9)	823,794
Due to Affiliates	30,961
Deferred Income Taxes (Note 7)	291,288
Other Items	100,484

TOTAL CURRENT LIABILITIES 9,367,178

LONG-TERM DEBT

Loan Payable (Note 8)	<u>122,085</u>
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TOTAL LONG-TERM DEBT 122,085

OTHER LIABILITIES AND DEFERRED CREDIT

Deferred Income Taxes (Note 7)	1,177,961
Other Items	<u>54,261</u>

TOTAL OTHER LIABILITIES
AND DEFERRED CREDIT 1,232,222

STOCKHOLDERS' EQUITY

Capital Stock	250,000
Retained Earnings	<u>7,981,369</u>

TOTAL STOCKHOLDERS' EQUITY 8,231,369

TOTAL LIABILITIES, DEFERRED CREDITS
AND STOCKHOLDERS' EQUITY

\$ 18,952,854

The accompanying notes are an integral part of these
financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Principles of Consolidation - The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.
- b. Investments in Affiliates (partnerships) - The Company uses the equity method of accounting for its investments in partnerships. Earnings and losses are recognized as they occur, except that losses are deducted only to the extent of the Company investment. Deferred income taxes are provided on the excess of losses over the Company investment in those entities.
- c. Long-Term Contracts - Revenues from construction contracts are recognized on the percentage of completion method measured by the costs incurred to date to total estimated costs for each contract.

Contract costs include all direct material, labor, subcontractor, and all other costs which are directly attributable to the contract. Indirect costs related to contract performance, such as indirect labor, supplies, tools, yard expenses, etc. are allocated utilizing current years revenues. Provision for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The asset account, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability account, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

- d. Property and Equipment - Property and equipment are stated at cost. Depreciation is provided using both the straight-line and accelerated methods over the estimated useful lives. The estimated useful lives are:

Buildings and Improvements	20-25 years
Transportation Equipment	3-5 years
Furniture and Equipment	5-10 years

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983

Major additions to property or equipment are capitalized, whereas normal repairs and maintenance are expensed currently.

Depreciation for the six months ended December 31, 1983 was \$92,797.

- e. Allocation of Indirect Job Costs - All construction costs are directly allocated to the Jobs except for yard costs which are allocated on current year revenues. For the six months ended December 31, 1983 yard costs were \$37,490.
- f. Income Taxes - Deferred income taxes are provided for principally because of timing differences in the reporting of income and losses.

The provision arises principally because partnership losses in excess of the Company's investments are deducted for tax return purposes only. Additionally, construction contracts are reported for tax purposes on the completed-contract method and for financial statement purposes on the percentage-of-completion method.

Note 2 - SHORT-TERM INVESTMENTS

The Company has a cash investment program which provides for the investment of excess cash in short-term investments. Temporary investments consist of commercial paper and certificates of deposit. The Company investments are stated at cost and they all mature within One Hundred Eighty (180) days.

Note 3 - ACCOUNTS RECEIVABLE

The accounts receivable due from construction contracts for the six months ended December 31, 1983 are as follows:

	<u>Contracts</u>		
	<u>Receivable</u>	<u>Retainage</u>	<u>Totals</u>
<u>December 31, 1983</u>			
Completed Contracts	\$ 2,307,737	\$ 1,534,575	\$3,836,312
Contracts in Process	<u>3,333,817</u>	<u>1,172,567</u>	<u>4,506,379</u>
<u>Totals</u>	<u>\$ 5,635,548</u>	<u>\$ 2,707,142</u>	<u>\$8,342,690</u>

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983

**Note 4 - COSTS AND ESTIMATED EARNINGS ON
UNCOMPLETED CONTRACTS**

Costs incurred on Uncompleted Contracts	\$ 12,619,876
Estimated Earnings	<u>824,057</u>
	13,443,933
Less: Billings to Date	<u>15,357,220</u>
	<u>\$ (1,913,287)</u>

Included in accompanying balance sheets under the following captions:

Costs and Estimated Earnings In Excess of Billings on Uncompleted Contracts	\$ 328,347
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	<u>(2,241,634)</u>
	<u>\$ (1,913,287)</u>

Note 5 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Company accounts for its investments in partnerships on the equity method of accounting. Partnership losses which exceed the investment balances are deducted for tax return purposes only, and a deferred income tax provision is provided for any excess losses utilizing the current federal and state income tax rates.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983

Note 6 - FEDERAL AND STATE INCOME TAXES

The Company files a consolidated income tax return with its wholly owned subsidiaries. The federal and state tax liability is comprised of the following:

Estimated federal and state tax liability at December 31, 1983	\$ 1,318,794
Federal and state estimated tax payments at December 31, 1983	<u>495,000</u>
<u>TOTAL</u>	<u>\$ 823,794</u>

Note 7 - DEFERRED INCOME TAXES

The deferred income tax reduction for the six months ended December 31, 1983 is (\$738,436), thereby reflecting a balance of \$1,469,249 as of December 31, 1983. This accumulated balance arises principally because partnership losses exceed the Company's investment basis in those entities. Also, the difference in methods used for accounting for construction contracts contributes to this balance. The components of the balance of deferred income taxes are:

Contracts Related	\$ 412,028
Partnership Investments	<u>1,057,221</u>
	<u>\$ 1,469,249</u>
Current	\$ 291,288
Long-Term	<u>1,177,961</u>
	<u>\$ 1,469,249</u>

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983

Note 8 - LOAN PAYABLE

As of December 31, 1983, the Company has borrowed \$122,085 against the cash surrender value of the Officers' Life Insurance. The Company is liable to the following Insurance Companies:

<u>Company</u>	<u>Rate</u>	<u>Amount</u>
Crown Life Insurance Company	6%	\$ 84,280
New England Life Insurance Co.	5%	<u>37,805</u>
<u>Total</u>		<u>\$122,085</u>

Note 9 - CONTINGENCIES

The Internal Revenue Service has substantially completed an audit of the Company's tax returns for the years 1978 through 1982. The Company has agreed on all substantial issues, most of which are timing differences on expense deductions. As of statement date, \$160,000 has been provided as a current payable on the agreed items and is included in the Income Taxes Payable balance of \$823,794. Issues which have not been settled are not expected to have a material effect on the financial position or results of operations of the Company.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
INCOME
SIX MONTHS ENDED DECEMBER 31, 1983

REVENUES

Construction	\$ 20,428,658
Development	<u>442,446</u>

<u>TOTAL REVENUES</u>	20,871,104
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COSTS

18,419,848

GROSS PROFIT

2,451,256

GENERAL AND ADMINISTRATIVE EXPENSES

1,444,658

NET INCOME FROM OPERATIONS

1,006,598

Other Income	709,372
Other Charges	<u>927,881</u>

TOTAL

(218,509)

NET INCOME BEFORE INCOME TAXES

788,089

Federal Income Tax Provision	1,064,066
Deferred Income Tax Reduction (Note. 7)	<u>(738,436)</u>

TOTAL

325,630

NET INCOME SIX MONTHS ENDED
DECEMBER 31, 1983

462,459

The accompanying notes are an integral part of these financial statements.

Exhibit C

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
RETAINED EARNINGS
SIX MONTHS ENDED DECEMBER 31, 1983

BALANCE - BEGINNING

\$ 7,518,910

ADDITION

Net Income Six Months Ended
December 31, 1983

462,459

BALANCE - ENDING

\$ 7,981,369

The accompanying notes are an integral part of these
financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
CHANGES IN FINANCIAL POSITION
SIX MONTHS ENDED DECEMBER 31, 1983

FUNDS PROVIDED BYOperations

Net Income	\$ 462,459
Add - Depreciation	92,797
Less - Deferred Income Tax Reduction	<u>(738,436)</u>

Working Capital Provided
by Operations

(183,180)

Decrease in Deferred Taxes	<u>906,976</u>
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TOTAL FUNDS PROVIDED723,796FUNDS APPLIED TO

Acquisition of Fixed Assets	128,205
Decrease in Other Items	17,299
Investments in and Advances to Affiliates	71,572
Increase in Loans and Notes Receivable	124,732
Increase in Cash Value - Officers' Life Insurance	14,500
Pre-Construction Advances and Other Items	<u>175,376</u>

TOTAL FUNDS APPLIED531,684INCREASE IN WORKING CAPITAL\$ 192,112

The accompanying notes are an integral part of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
CHANGES IN COMPONENTS OF WORKING CAPITAL
SIX MONTHS ENDED DECEMBER 31, 1983

<u>WORKING CAPITAL - JULY 1, 1983</u>	\$ <u>7,101,102</u>
<u>INCREASE (DECREASE) IN CURRENT ASSETS</u>	
Cash and Certificates of Deposit	(2,434,470)
Accounts Receivable	1,058,883
Costs and Estimated Earnings in	
Excess of Billings on	
Uncompleted Contracts	149,082
Pre-Construction Advances	(25,248)
Loans Receivable	553,891
Prepaid Expenses and Other Items	<u>(3,671)</u>
<u>TOTAL</u>	<u>(701,533)</u>
<u>INCREASE (DECREASE) IN CURRENT LIABILITIES</u>	
Accounts Payable	(1,418,179)
Accrued Expenses	138,143
Income Taxes Payable	663,794
Deferred Income Taxes	(906,976)
Billings in Excess of Cost and	
Estimated Earnings on	
Uncompleted Contracts	612,864
Other	<u>16,709</u>
<u>TOTAL</u>	<u>(893,645)</u>
<u>INCREASE (DECREASE) IN WORKING CAPITAL</u>	<u>192,112</u>
<u>WORKING CAPITAL - DECEMBER 31, 1983</u>	\$ <u><u>7,293,214</u></u>

The accompanying notes are an integral part of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1983 AND 1982

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES

INDEX

JUNE 30, 1983

Exhibit

Statement

Period

A	Balance Sheet	June 30, 1983 and 1982
B	Income	Years Ended June 30, 1983 and 1982
C	Retained Earnings	do
D	Changes in Financial Position	do



CHARLES E. DI PESA & CO.

CERTIFIED PUBLIC ACCOUNTANTS

10 HIGH STREET
BOSTON, MASS. 02110
617-423-3555

CHARLES E. DI PESA, C. P. A.
WILLIAM F. DI PESA, C. P. A.
JOHN F. OTERI, C. P. A.

October
12
1983

Board of Directors
Peabody Construction Co., Inc.
and Subsidiaries
536 Granite Street
Braintree, MA 02184

Re: Auditor's Report -
Certified Audit

Gentlemen:

We have examined the Consolidated Balance Sheet of Peabody Construction Co., Inc. and Subsidiaries as of June 30, 1983 and 1982 and the related consolidated statements of Income, Retained Earnings and Changes in Financial Position for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related statements of Income, Retained Earnings and Changes in Financial Position present fairly the financial position of Peabody Construction Co., Inc. and Subsidiaries as of June 30, 1983 and 1982 and the results of their operations and the changes in their financial position for the years then ended in conformity with generally accepted accounting principles consistently applied during the periods.

Respectfully submitted,

CHARLES E. DI PESA & CO.

William F. Di Pesa
Certified Public Accountant

Exhibit A

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIESBALANCE SHEETJUNE 30, 1983 AND 1982ASSETS

	<u>June 30,</u>	
	<u>1983</u>	<u>1982</u>
<u>CURRENT ASSETS</u>		
Cash and Certificates of Deposit (Note 2)	\$ 8,814,294	\$11,201,70
Accounts Receivable (Note 3)		
Contracts	4,686,412	6,269,00
Retainages	2,422,624	2,782,20
Trade and Other	326,768	516,40
Federal and State Income Tax Refunds (Note 6)	535,299	-
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts (Note 4)	179,265	326,60
Pre-Construction Advances - Current	25,248	61,77
Loans and Notes Receivable	300,608	628,29
Prepaid Expenses and Other Items	71,407	187,99
<u>TOTAL CURRENT ASSETS</u>	<u>17,361,925</u>	<u>21,974,26</u>
<u>OTHER ASSETS</u>		
Investments in and Advances to Affiliates (Note 5)	276,182	307,77
Loans and Notes Receivable	308,538	342,83
Cash Value - Officers Life Insurance	236,488	207,99
Pre-Construction Advances and Other Items	40,000	91,69
<u>TOTAL OTHER ASSETS</u>	<u>861,208</u>	<u>950,25</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	38,220	38,22
Building and Improvements	321,319	321,31
Transportation Equipment	1,044,283	358,93
Furniture, Fixtures and Equipment	203,826	179,02
<u>Totals</u>	<u>1,607,648</u>	<u>897,49</u>
Accumulated Depreciation	597,982	475,17
<u>TOTAL PROPERTY AND EQUIPMENT</u>	<u>1,009,666</u>	<u>422,32</u>
<u>TOTAL ASSETS</u>	<u>\$19,232,799</u>	<u>\$23,346,83</u>

The accompanying notes are an integral part
of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIESBALANCE SHEETJUNE 30, 1983 AND 1982LIABILITIES, DEFERRED CREDITS AND STOCKHOLDERS' EQUITY

	<u>June 30,</u>	
	<u>1983</u>	<u>1982</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable		
Subcontractors	\$ 3,976,462	\$ 7,587,326
Retainages	2,641,417	2,515,546
Trade	364,949	421,431
Billings in Excess of Costs and		
Estimated Earnings on Uncompleted		
Contracts (Note 4)	1,628,770	2,918,178
Accrued Expenses	176,225	210,723
Income Taxes Payable (Note 9)	160,000	609,708
Due to Affiliates	30,961	168,261
Deferred Income Taxes - Current		
Portion (Note 7)	1,198,264	1,093,793
Other Items	83,775	-
<u>TOTAL CURRENT LIABILITIES</u>	<u>10,260,823</u>	<u>15,524,966</u>
<u>LONG-TERM DEBT</u>		
Loan Payable (Note 8)	122,085	122,085
<u>TOTAL LONG-TERM DEBT</u>	<u>122,085</u>	<u>122,085</u>
<u>OTHER LIABILITIES AND DEFERRED CREDITS</u>		
Deferred Income Taxes (Note 7)	1,009,421	980,505
Other Items	71,560	72,475
<u>TOTAL OTHER LIABILITIES</u>		
<u>AND DEFERRED CREDIT</u>	<u>1,080,981</u>	<u>1,052,980</u>
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stocks	250,000	250,000
Retained Earnings	7,518,911	6,396,806
<u>TOTAL STOCKHOLDERS' EQUITY</u>	<u>7,768,911</u>	<u>6,646,806</u>
<u>TOTAL LIABILITIES, DEFERRED CREDITS</u>		
<u>AND STOCKHOLDERS' EQUITY</u>	<u>\$19,232,709</u>	<u>\$23,346,837</u>

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1983 AND 1982

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Principles of Consolidation - The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.
- b. Investments in Affiliates (partnerships) - The Company uses the equity method of accounting for its investments in partnerships. Earnings and losses are recognized as they occur, except that losses are deducted only to the extent of the Company investment. Deferred income taxes are provided on the excess of losses over the Company investment in those entities.
- c. Long-Term Contracts - Revenues from construction contracts are recognized on the percentage of completion method measured by the costs incurred to date to total estimated costs for each contract.

Contract costs include all direct material, labor, subcontractor, and all other costs which are directly attributable to the contract. Indirect costs related to contract performance, such as indirect labor, supplies, tools, yard expenses, etc. are allocated utilizing current years revenues. Provision for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The asset account, "Costs and estimated earnings in excess of billings on uncompleted contracts", represents revenues recognized in excess of amounts billed. The liability account, "Billings in excess of costs and estimated earnings on uncompleted contracts", represents billings in excess of revenues recognized.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1983 AND 1982

- d. Property and Equipment - Property and equipment are stated at cost. Depreciation is provided using both the straight-line and accelerated methods over the estimated useful lives. The estimated useful lives are:

Building and Improvements	20-26 Years
Transportation Equipment	3-5 Years
Furniture and Equipment	5-10 Years

Major additions to property or equipment are capitalized, whereas normal repairs and maintenance are expensed currently.

Depreciation for the years ended June 30, 1983 and 1982 was \$168,646 and \$89,030, respectively.

- e. Allocation of Indirect Job Costs - All construction costs are directly allocated to the Jobs except for yard costs which are allocated on current years revenues. For the years ended June 30, 1983 and 1982, yard costs were \$107,902 and \$86,888, respectively.

- f. Income Taxes - Deferred income taxes are provided for principally because of timing differences in the reporting of income and losses.

The provision arises principally because partnership losses in excess of the Company's investments are deducted for tax return purposes only. Additional construction contracts are reported for tax purposes on the completed-contract method and for financial statement purposes on the percentage-of-completion method.

Note 2 - SHORT-TERM INVESTMENTS

The Company has a cash investment program which provides for the investment of excess cash in short-term investments. Temporary investments consist of commercial paper and certificates of deposit. The Company investments are stated at cost and they all mature within ninety (90) days.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1983 and 1982

Note 3 - ACCOUNTS RECEIVABLE

The accounts receivable due from construction contracts for the years ended June 30, 1983 and 1982 are as follows:

	<u>Contracts</u>		
	<u>Receivable</u>	<u>Retainage</u>	<u>Totals</u>
<u>June 30, 1983</u>			
Completed Contracts	\$1,720,832	\$ 690,991	\$2,411,823
Contracts in Process	<u>2,965,580</u>	<u>1,731,633</u>	<u>4,697,213</u>
<u>Totals</u>	<u>\$4,686,412</u>	<u>\$2,422,624</u>	<u>\$7,109,036</u>
Collections To Date Of This Report			<u>\$4,213,554</u>
<u>June 30, 1982</u>			
Completed Contracts	\$ 198,712	\$1,214,164	\$1,412,876
Contracts in Process	<u>6,070,293</u>	<u>1,568,132</u>	<u>7,638,425</u>
<u>Totals</u>	<u>\$6,269,005</u>	<u>\$2,782,296</u>	<u>\$9,051,301</u>
Collections To Date Of Last Year's Report (10/15/82)			<u>\$6,523,693</u>

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1983 AND 1982

**Note 4 - COSTS AND ESTIMATED EARNINGS ON
UNCOMPLETED CONTRACTS**

	<u>June 30,</u>	
	<u>1983</u>	<u>1982</u>
Costs Incurred On Uncompleted Contracts	\$ 30,431,984	\$ 27,689,520
Estimated Earnings	<u>2,416,353</u>	<u>2,478,472</u>
	32,848,337	30,167,992
Less: Billings to Date	<u>34,297,842</u>	<u>32,759,501</u>
	\$(<u>1,449,505</u>)	\$(<u>2,591,509</u>)

Included in accompanying balance sheets under the following captions:

Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	\$ 179,265	\$ 326,669
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts	(<u>1,628,770</u>)	(<u>2,918,178</u>)
	\$(<u>1,449,505</u>)	\$(<u>2,591,509</u>)

Note 5 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Company accounts for its investments in partnerships on the equity method of accounting. Partnership losses which exceed the investment balances are deducted for tax return purposes only, and a deferred income tax provision is provided for any excess losses utilizing the current federal and state income tax rates.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1983 AND 1982

Note 6 - FEDERAL AND STATE INCOME TAXES

The Company files a consolidated income tax return with its wholly owned subsidiaries. Investment tax credits are accounted for on the "flow-through" method which reduces the tax expense in the year in which the assets given rise to the credits are placed in service.

	<u>June 30,</u> <u>1983</u>	<u>1982</u>
Total Amount Payable Before Investment Tax Credits and Estimated Tax Payments	\$1,110,685	\$2,023,309
Less: Investment Tax Credits	<u>45,984</u>	<u>9,601</u>
	1,064,701	2,013,708
Estimated Tax Payments	<u>1,600,000</u>	<u>1,404,000</u>
Amount Due - Previous Year		\$ <u>609,708</u>
Income Tax Refund - Current Year	\$ <u>535,299</u>	

Note 7 - DEFERRED INCOME TAXES

The deferred income tax provision for the years ended June 30, 1983 and 1982 is \$133,387 and \$121,161, respectively, thereby accumulating balances of \$2,207,685 and \$2,074,298 as of June 30, 1983 and 1982. This accumulated provision arises principally because partnership losses exceeded the Company's investment basis in those entities and also the difference in methods used for accounting of construction contracts. The components of the balance of deferred income taxes are:

	<u>June 30,</u> <u>1983</u>	<u>1982</u>
Contracts Related	\$1,208,176	\$1,256,986
Partnership Investments	<u>999,509</u>	<u>817,312</u>
	<u>\$2,207,685</u>	<u>\$2,074,298</u>
Current	\$1,198,264	\$1,093,793
Long-Term	<u>1,009,421</u>	<u>980,505</u>
	<u>\$2,207,685</u>	<u>\$2,074,298</u>

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1983 AND 1982

Note 8 - LOAN PAYABLE

As of June 30, 1983, the Company has borrowed \$122,085 against the cash surrender value of the Officers' Life Insurance. The Company is liable to the following Insurance Companies:

<u>Company</u>	<u>Rate</u>	<u>Amount</u>
Crown Life Insurance Company	6%	\$ 84,280
New England Life Insurance Co.	5%	<u>37,805</u>
<u>Total</u>		<u>\$122,085</u>

Note 9 - CONTINGENCIES

The Internal Revenue Service, in 1983, has substantially completed an audit of the Company's tax returns for the years 1978 through 1982. The Company has agreed on all substantial issues, most of which are timing differences on expense deductions. As of statement date, \$160,000 has been provided as a current payable on the agreed items. Issues which have not been settled are not expected to have a material effect on the financial position or results of operations of the Company.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIESINCOMEYEARS ENDED JUNE 30, 1983 AND 1982

	<u>June 30,</u>	
	<u>1983</u>	<u>1982</u>
<u>REVENUES</u>		
Construction	\$41,434,212	\$36,515,615
Development	<u>2,085,842</u>	<u>2,370,564</u>
<u>TOTAL REVENUES</u>	43,520,054	38,886,179
<u>COSTS</u>	<u>38,071,389</u>	<u>33,757,232</u>
<u>GROSS PROFITS</u>	5,448,665	5,128,947
<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>	<u>2,975,177</u>	<u>2,854,731</u>
<u>NET INCOME FROM OPERATIONS</u>	<u>2,473,488</u>	<u>2,274,216</u>
Other Income	1,428,289	1,126,937
Other Charges	<u>1,643,078</u>	<u>1,165,435</u>
<u>TOTALS</u>	(<u>214,789</u>)	(<u>38,498</u>)
<u>NET INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM</u>	<u>2,258,699</u>	<u>2,235,718</u>
Federal Income Tax Provision	1,003,208	935,569
Deferred Income Tax Provision	<u>133,387</u>	<u>121,161</u>
<u>TOTALS</u>	<u>1,136,595</u>	<u>1,056,730</u>
<u>NET INCOME BEFORE EXTRAORDINARY ITEM</u>	1,122,104	1,178,988
Gain on Sale of Real Estate Operations, less Related Income Taxes	<u>-</u>	<u>1,507,892</u>
<u>NET INCOME YEARS ENDED JUNE 30, 1983 AND 1982</u>	\$ <u>1,122,104</u>	\$ <u>2,686,880</u>

The accompanying notes are an integral part
of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
RETAINED EARNINGS
YEARS ENDED JUNE 30, 1983 AND 1982

	<u>June 30,</u>	
	<u>1983</u>	<u>1982</u>
<u>BALANCES - BEGINNING</u>	\$6,396,806	\$3,709,926
<u>Addition</u>		
Net Income Years Ended	<u>1,122,104</u>	<u>2,686,880</u>
<u>BALANCE - ENDING</u>	<u>\$7,518,910</u>	<u>\$6,396,806</u>

The accompanying notes are an integral part of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
CHANGES IN FINANCIAL POSITION
YEARS ENDED JUNE 30, 1983 AND 1982

	<u>June 30,</u>	
	<u>1983</u>	<u>1982</u>
<u>FUNDS PROVIDED BY</u>		
<u>From Operations</u>		
Net Income	\$1,122,104	\$2,686,880
Add - Items not Affecting Funds		
Deferred Income Taxes	133,387	121,161
Depreciation and Amortization	<u>168,954</u>	<u>89,544</u>
 Working Capital Provided <u>by Operations</u>	 1,424,445	 2,897,585
 Disposition of Fixed Assets		
Motor Vehicles	31,190	21,952
Building	-	3,959,356
Decrease in Investment in and Advances to Affiliates	31,596	-
Increase in Deferred Taxes	-	310,282
Reduction of Pre-Construction Advances	51,693	-
Decrease in Loans and Notes Receivable	34,292	306,013
Proceeds from Borrowings Against Cash Surrender Value - Officers Life Insurance	 - <u>-</u>	 <u>37,805</u>
 <u>TOTAL FUNDS PROVIDED</u>	 <u>1,573,216</u>	 <u>7,532,993</u>
 <u>FUNDS APPLIED TO</u>		
Acquisition of Fixed Assets	787,487	148,502
Reduction in Long Term Debt	-	3,778,487
Increase in Cash Value - Life Insurance	28,538	27,788
Advances and Investments in Affiliates	-	124,487
Decrease in Other Liabilities	915	54,830
Increase of Pre-Construction Advances	-	91,693
Increase in Deferred Income Taxes	<u>104,471</u>	<u>-</u>
 <u>TOTAL FUNDS APPLIED</u>	 <u>921,411</u>	 <u>4,225,787</u>
 <u>INCREASE IN WORKING CAPITAL</u>	 \$ <u>651,805</u>	 \$ <u>3,307,206</u>

The accompanying notes are an integral part
of these financial statements.

PEABODY CONSTRUCTION CO., INC. AND SUBSIDIARIES
CHANGES IN COMPONENTS OF WORKING CAPITAL
YEAR ENDED JUNE 30, 1983 and 1982

	<u>June 30,</u> <u>1983</u>	<u>1982</u>
<u>WORKING CAPITAL - BEGINNING OF YEAR</u>	\$ <u>6,449,297</u>	\$ <u>3,142,091</u>
<u>INCREASE (DECREASE) IN CURRENT ASSETS</u>		
Cash and Certificates of Deposit	(2,387,455)	7,045,529
Investments - Commercial Paper	-	(2,440,000)
Accounts Receivable	(1,596,675)	(533,540)
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts	(147,404)	78,695
Pre-Construction Advances	(36,528)	(167,349)
Loans Receivable	(327,690)	(967)
Prepaid Expenses and Other Items	(<u>116,586</u>)	(<u>261,285</u>)
<u>Totals</u>	(4,612,338)	<u>3,721,083</u>
<u>INCREASE (DECREASE) IN CURRENT LIABILITIES</u>		
Mortgage Payable	-	(20,618)
Notes Payable	-	(390,000)
Accounts Payable	(3,541,475)	1,358,637
Accrued Expenses	(34,498)	(52,985)
Income Taxes Payable	(449,708)	63,877
Due to Affiliates	(137,300)	(48,239)
Deferred Income Taxes	104,471	(137,776)
Billings in Excess of Cost and Estimated Earnings on Uncompleted Contracts	(1,289,408)	(359,019)
Other	<u>83,775</u>	<u>-</u>
<u>Totals</u>	(5,264,143)	<u>413,877</u>
<u>INCREASE (DECREASE) IN WORKING CAPITAL</u>	<u>651,805</u>	<u>3,307,206</u>
<u>WORKING CAPITAL - END OF YEAR</u>	\$ <u>7,101,102</u>	\$ <u>6,449,297</u>

The accompanying notes are an integral part of these financial statements.

PEABODY CONSTRUCTION CO., INC.

June 18, 1984

Boston Redevelopment Authority
Boston City Hall
One City Hall Square
Boston, MA 02108

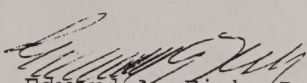
RE: PROPOSED SUBSTITUTION OF PEABODY CONSTRUCTION CO., INC. AS
GENERAL PARTNER OF DORCHESTER HOUSING ASSOCIATES IN PLACE
OF DORCHESTER HOUSE HOUSING CORPORATION

Dear Sir/Madam:

This letter is to clarify our letter to you of June 14, 1984. Peabody Construction Co., Inc. is requesting approval by the Boston Redevelopment Authority of Amendment Number 5 to the Report and Decision on the Application for Authorization and Approval of a Project under Chapter 121A of the General Laws of Massachusetts, as amended, and Chapter 652 of the Acts of 1960 as amended, to provide for the substitution of Peabody Construction Co., Inc. as a General Partner of Dorchester Housing Associates in place of Dorchester House Housing Corporation. Further information regarding this proposed substitution is set forth in our letter to you of June 14, 1984.

We hope that this letter clarifies the request for approval sought by Dorchester Housing Associates.

Very truly yours,


Edward A. Fish, President

EAF/kmg
BY HAND